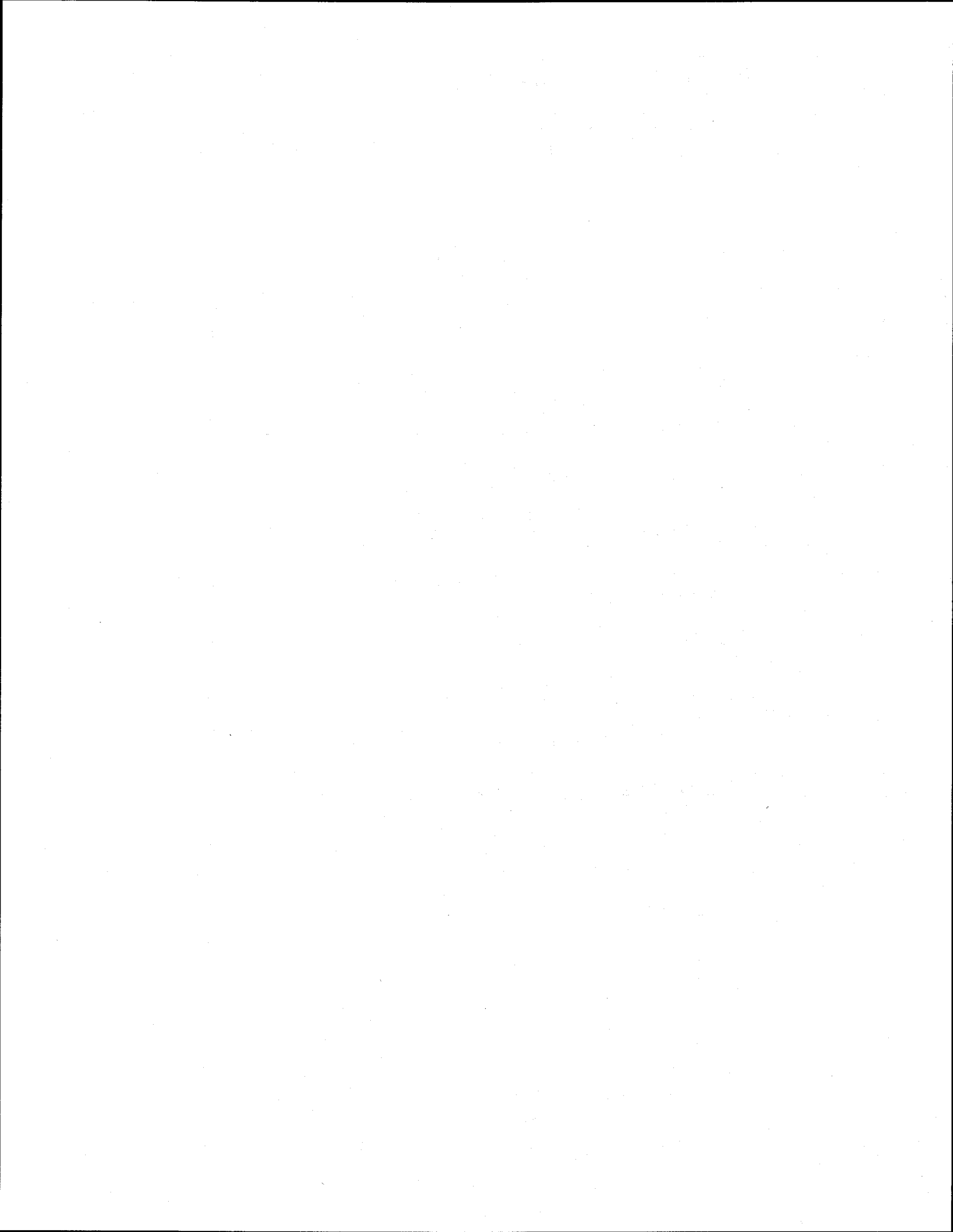


Exhibit 1

This exhibit is a” The Montana Treasure State Endowment Program” pamphlet; a portion of this exhibit has been scanned for your research. To obtain a copy please contact the Montana Historical Society and may be viewed there.

**Montana Historical Society
Archives, 225 N. Roberts, Helena,
MT 59620-1201
Phone (406) 444-4774.**

Scanning by: Susie Hamilton



EXHIBIT

DATE

1

11/16/07

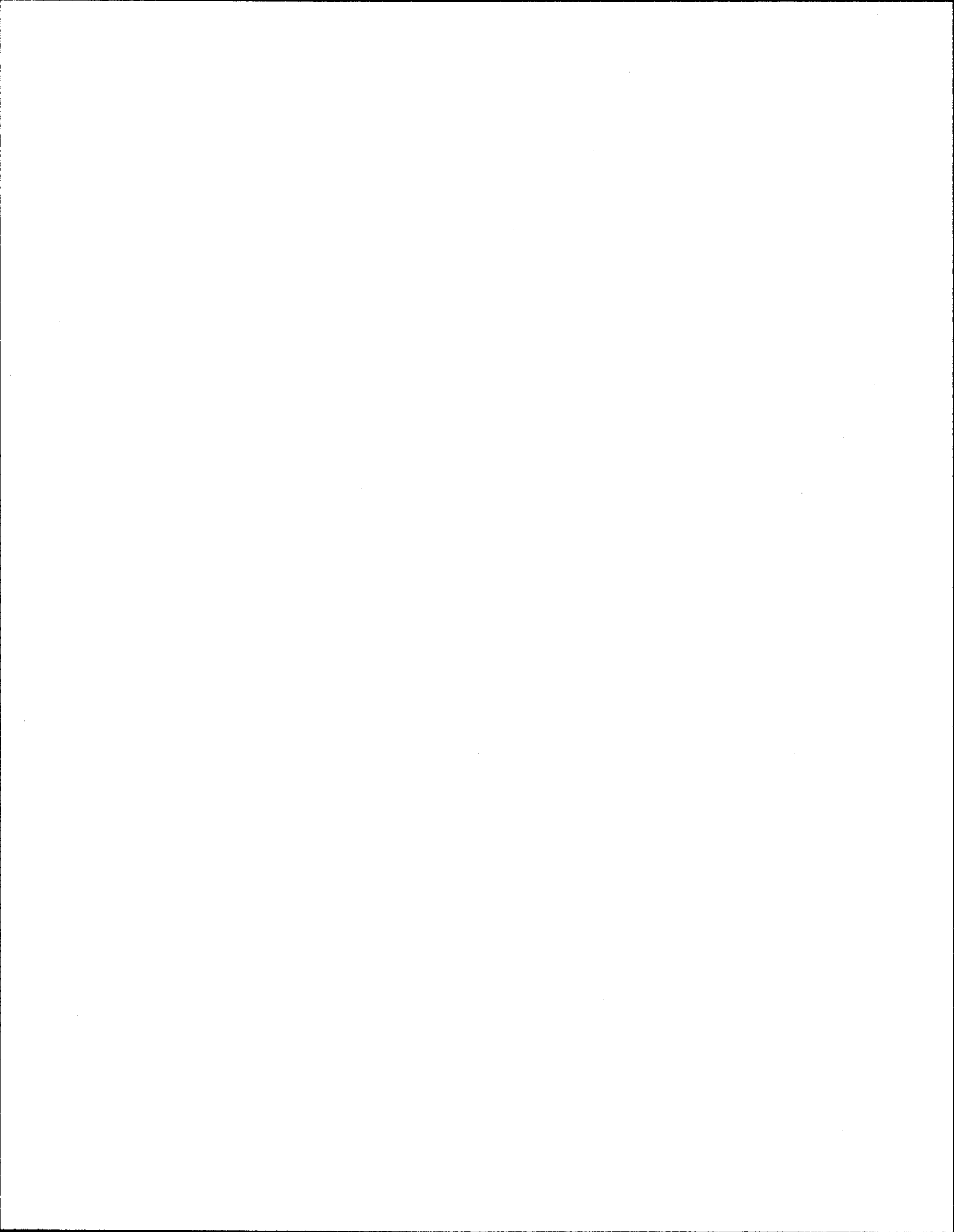
***A Growing Resource
For Montana's
Communities***

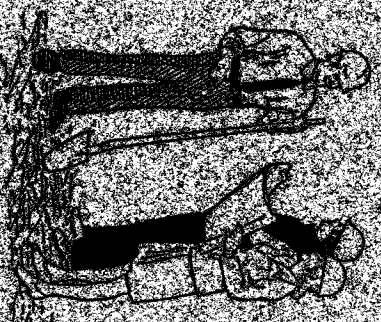
The Montana Treasure State Endowment Program

***Helping Local Governments
To Finance
Water, Waste Water,
Solid Waste, and Bridge
Projects***

**Montana
Department of Commerce**

September 2005





FURTHER INFORMATION

The Department of Commerce encourages local officials, staff and engineers to consider whether TSEP grants could help finance a local infrastructure project. Prospective applicants should contact TSEP staff as soon as possible to discuss the application requirements and the likelihood of the proposed project being funded.

For more information regarding this program contact:

Montana Department of Commerce
Treasure State Endowment Program
381 S. Park Ave.
PO Box 200523
Helena, MT 59620-0523
(406) 841-2770
FAX (406) 841-2771

E-Mail: jedgcomb@mt.gov

website:

http://comdev.mt.gov/CDD_TSEP.asp

Individuals who need aids or services for effective communications or other disability-related accommodations in the programs and services offered, are invited to make their needs and preferences known. Upon request, this publication will be made available in an alternative accessible format.

A Growing Resource For Montana's Communities

EXHIBIT 1
DATE 11/1/07

The Montana Treasure State Endowment Program

Helping Local Governments To Finance Water, Waste Water, Solid Waste, and Bridge Projects

Montana Department of Commerce

September 2006

PURPOSE

Are your city/county lines leaking? Have you reached the capacity of your town's wastewater treatment plant? Do you have a bridge that has deteriorated to the point that it may have to be closed? These issues, along with other infrastructure problems, are a dilemma for local governments trying to maintain their community's vital infrastructure.

The Treasure State Endowment Program (TSEP) is a State-funded grant program that was created to assist local governments with the construction or repair of its infrastructure.

The Montana Department of Commerce's (MDOC) research findings, along with comments from local government officials and citizens, indicate that the principal reason why so many local public facilities are deficient is that most options for correcting deficiencies are simply not considered affordable by local residents. The TSEP program has been designed to help address that "affordability" problem.

TSEP grants are intended to assist local governments with financing infrastructure projects in order to help keep the cost of the projects at an affordable level.

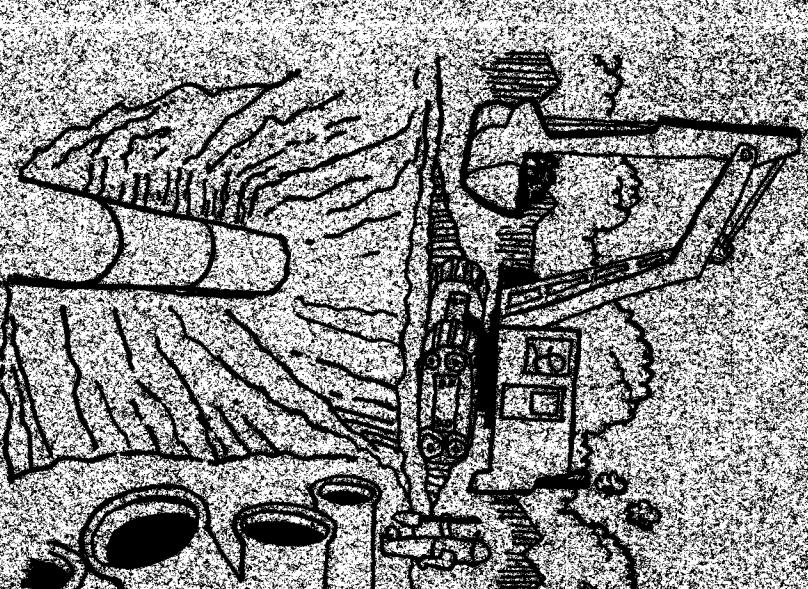
AMOUNT OF TSEP FUNDING AVAILABLE

Since the program was created in 1992, more than a 200 construction projects have been funded with TSEP grants, totaling over \$75 million.

It is estimated that approximately \$17 million in grant funds will be available to award to construction projects in the next funding competition (2007 legislative).

ELIGIBLE APPLICANTS

Incorporated cities and towns, counties, consolidated governments, tribal governments, and county or multicounty water, sewer, or solid waste districts may apply for TSEP assistance.



ELIGIBLE PROJECTS

Eligible types of projects include the construction or repair of local government drinking water systems, wastewater treatment, sanitary sewer or storm sewer systems, solid waste disposal or separation systems (including site acquisition, preparation or site remediation) and bridges.

TYPES OF GRANTS

TSEP provides the following types of grants: preliminary engineering grants, emergency grants, and construction grants.

Preliminary Engineering Grants – \$600,000 has been appropriated for matching grants for preliminary engineering work. TSEP will provide up to \$15,000 with a dollar-for-dollar match for the preparation of plans, studies, analyses, or research in the preparation of a preliminary engineering report. **Note: all funds have been awarded and will not be available again until appropriated by the Legislature in 2007.**

Applications will be accepted after January 1, 2007, and except for certain situations, applications that are complete will be processed in the order they are received. This is not a competitive process.

Emergency Grants – \$100,000 is available for emergency grants. These grants can only be awarded in order to remedy conditions that if allowed to continue until legislative approval could be obtained would endanger the public health or safety and expose the applicant to substantial financial risk. MDOC may not award an emergency grant if it determines that through the implementation of reasonable management practices, the applicant can forestall the risks to health or safety until legislative approval can be obtained. An applicant must demonstrate that it has exhausted all other means of funding the emergency project. Because of the limited amount of funds available, MDOC will generally not award more than \$50,000 for any one emergency project.

Construction Grants – Since 1993, TSEP has been providing matching grants to help finance construction projects. The TSEP grants are used in combination with other grant and loan funding sources to make projects more affordable.

Construction grant applications are limited to a maximum of \$750,000. *(Amount has increased)*. A dollar-for-dollar match is required for construction grants, but in cases of extreme financial hardship where the public's health and safety are seriously affected, a hardship grant (up to 75 percent of the eligible project expenses) may be recommended. Matching funds can be public or private funds (cash, loans, and even other grants).

Eligible types of match for construction grants include funds expended for engineering studies, reports, and plans, or other reasonable expenses expended for the preparation of the application directly related to the proposed project during the period 24 months prior to the TSEP application deadline. Eligible match also includes funds expended after the TSEP application deadline for project management, final engineering design, and other reasonable expenses necessary to prepare the project as proposed in the TSEP application for the construction phase.

Eligible match can also include the value of land or materials provided by the applicant, if properly appraised within a two-year period preceding the application deadline. It can also include the value of labor performed by the applicant's employees on the proposed project. Employees must be paid at his or her standard hourly rate of pay and the time worked must be adequately documented. Finally, match can also include the value of machinery used in the process of constructing the project that is owned (or leased) and operated by the applicant. The

value of the use of the machinery will be determined using the Federal Emergency Management Agency (FEMA) equipment rate schedules.

CONSTRUCTION GRANT APPLICATION REVIEW AND RANKING PROCESS

MDOC evaluates and ranks TSEP applications to assist construction projects based on seven statutory priorities:

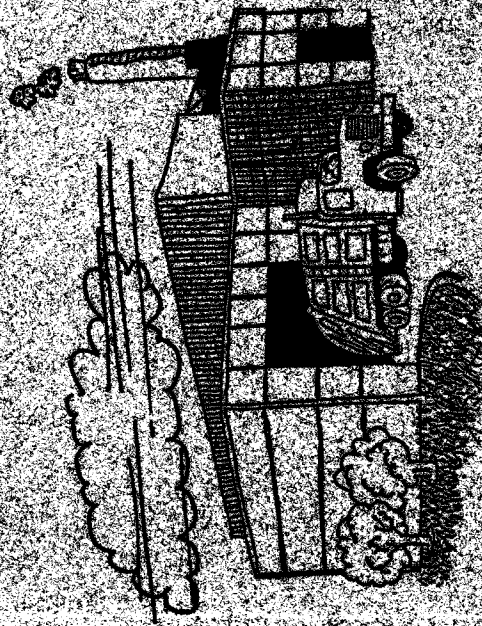
1. Urgent and serious health and safety problems and meeting health and safety standards
2. Financial need
3. Technical design
4. Planning and management of public facilities and attempting to resolve infrastructure problems with local resources
5. Obtains funds from other sources
6. Job opportunities, business expansion and tax base and
7. Project is a high local priority and has strong community support

The Department submits its funding recommendations to the Governor and the Legislature. The Legislature makes the final decisions on funding construction projects.

The policy established by MDOC and affirmed by the Governor and the Legislature since TSEP began is that grant funds should only be awarded to applicants that are proposing to help finance the project at a reasonable level. As a result, grants will not be recommended unless as a result of the project, user rates will be at or above the applicant's target rate. The target rate is unique to every community and is based on the community's median household income

APPLICATION GUIDELINES & WORKSHOPS

The guidelines for applying for construction grants in TSEP's next funding competition (2007 Legislature) will be available in the fall of 2006. Workshops focusing on engineering requirements will be held in the fall of 2006, and workshops focusing on how to apply to the various funding programs will be held early in 2006.



APPLICATION DEADLINE

The deadline for submitting an application for construction financing in the next TSEP funding competition (2007 Legislature) is **May 5, 2006.**

In order to assist prospective TSEP applicants, MDOC recommends that local governments contact MDOC as early as possible prior to submitting applications. TSEP staff can then assist prospective applicants in analyzing the financial issues of their proposed project. In addition to determining how well they are likely to score on the other ranking criteria.